

J. A. Grahame
July 1877

REPORT

OF THE

GOVERNOR AND COMMITTEE

OF THE

HUDSON'S BAY COMPANY,

TO BE

LAI D BEFORE THE SHAREHOLDERS

ON TUESDAY, JUNE 26TH, 1877.

LONDON:

PRINTERS: SIR JOSEPH CAUSTON AND SONS,
47, EASTCHEAP, E.C., & SOUTHWARK ST., S.E.

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DIRECTORS

Governor,

THE RIGHT HONORABLE
GEORGE J. GOSCHEN, M.P.

Deputy-Governor.

EDEN COLLIVILLE, ESQUIRE.

Committee.

GEORGE LYALL, Esquire.

RICHARD POTTER, Esquire.

EDWARD WILLIAM TERRICK HAMILTON, Esquire.

THOMAS HOLDSWORTH NEWMAN, Esquire.

SIR JOHN ROSE, Bart., K.C.M.G.

FRANCIS PEEK, Esquire.

MONTAGU C. WILKINSON, Esquire.

A GENERAL COURT of the Governor and Company of Adventurers of England trading into Hudson's Bay will be held at the City Terminus Hotel, Cannon Street, on Tuesday, the 26th instant, at Two o'clock, p.m., when a Report from the Governor and Committee will be laid before the Shareholders.

The Transfer Books of the Company will be closed on the 16th and re-opened on the 27th instant.

By order of the Governor, Deputy-Governor, and
Committee of the said Company.

W. ARMIT,
Secretary.

HUDSON'S BAY HOUSE,
London, June 5th, 1877.

REPORT.

It is now the duty of the Governor and Committee to lay before the Proprietors the Annual Accounts, showing the results of Outfit 1875, and the financial position of the Company on the 31st May, 1877.

In presenting these Accounts, it is necessary to remind the Shareholders that in November last, special attention was drawn to the serious effect produced on the Fur market by the continued depression in the state of Trade, both at home and abroad, and to the fact that, being unable to form any satisfactory opinion as to the probable result of the Spring Sales, the Committee did not feel themselves justified in recommending the payment of an interim Dividend, as had been customary in previous years.

The Committee have now to report, with much regret, that the apprehensions entertained in the Autumn of last year have unfortunately been fully justified, and the result of the Fur Sales has indeed been more disappointing than was anticipated.

The great fall in prices which took place in 1876 was followed by a still more general and serious decline at the Spring Sales of the present year, when Furs of all descriptions,

fine and common, were sold at an average of about 30 per cent. less than even the reduced values of last year.

This further fall, on an almost unprecedented scale, is due to causes entirely beyond control, and to circumstances which have been more or less felt in all commercial undertakings.

It should further be borne in mind that the operations of the Company are carried on in a distant country, where as a rule, the means of communication are slow and difficult, and where a fall in the London Fur Market remains unknown to the Officers of the Company in the remoter districts, even when they are making arrangements for the purchase and barter of Furs which form the returns of the subsequent year.

The Committee have to call the attention of the Proprietors to the fact that the amount received by the Company, as the proceeds of their Fur Sales during the last season is £66,000 under that of the previous year; while the falling off from the average amount of the sales of the last ten years is no less than £85,000.

The Committee desire to state that it was after full consideration that the Furs were sold with the view to their distribution into use, in preference to the alternative course of holding and offering them for sale at a future time, when they would have come upon the market in addition to the Returns, which arrive with regularity from the various districts in which the Company's trade is carried on.

The total quantities of Furs received as the result of Outfit 1875, exhibited a falling off as compared with those of the previous Outfit. It is however satisfactory to find that, taking a period of years, there is no appreciable diminution in the quantities imported by the Company, notwithstanding very great fluctuations in the supplies of Furs from the various districts. Increased supplies of Beaver, and occasionally of some of the other description of Furs, have hitherto counterbalanced the deficiency in Marten.

The result of the accounts of Outfit 1875 has been affected, not only by the depreciated prices at which the Returns have been sold, but by depression in all branches of the Company's general business. It has also to be observed that in consequence of the dull state of trade in North America during the past year, greater reductions have been made in the valuations of the goods on hand, outstanding debts, &c., than in former years.

The Governor and Committee deeply regret that for Outfit 1875, there are no profits applicable to the Officers, under the Deed Poll, by way of remuneration for their arduous labours.

The Committee further regret that the final result of the Company's business for the year shows a loss of £2,911 12s. 3d., as set forth in Profit and Loss Account, under which circumstances they are unable to recommend the payment of any Dividend to the Shareholders.

The balance at the credit of Profit and Loss Account

proposed to be carried forward, amounts to £39,212 3s. 8d., as against £42,123 15s. 11d., carried forward last year.

It will be observed that the amount invested in the Fur trade is £978,423 3s. 9d., exclusive of goods in course of shipment, the payments for which are about to become due. Further liabilities of considerable amount in respect of import duties, transport, and other charges incidental to the business, are also payable at an early date.

These facts are referred to as affecting the available funds at the disposal of the Company in London, and the question alluded to in the last Report of raising additional capital, or of restricting the operations abroad by closing some of the stations which have hitherto been occupied by the Company.

The Governor and Committee have to report that they have recently had the opportunity of conferring with the Company's Chief Commissioner, who visited London for that purpose, and that, in preference to raising additional capital, they have arrived at the conclusion that it is expedient to withdraw from several posts, which of late years have proved to be unproductive, and gradually to reduce the capital employed at some minor stations and sections of the country, which afford but little protection and assistance to the interior districts where the great bulk of the Fur trade is carried on. The Committee do not doubt that the changes indicated will be effected carefully and judiciously, with due consideration for the whole position of the Company as regards the Trade, and the prospect of a return to such a degree of prosperity as it has hitherto enjoyed.

Arrangements are now being made with the view of placing the steel steamer sent out last year on the upper waters of the Saskatchewan River, and of utilizing her services in connection with the steamer "Northcote," for the conveyance of the supplies of goods and the Returns of the Northern Districts.

The steamer "Colvile" will be employed as formerly, plying on Lake Winnipeg between Red River and the mouth of the Saskatchewan, from which point the work is intended to be performed by the steamers above named.

The amount at the credit of the Company's Marine Insurance Fund is now £50,486 0s. 11d. as compared with £46,357 13s. 3d. in June last. Premiums to the extent of £2,907 8s. 4d. have been earned during the year, while the account has been charged with its proportion of the loss per schooner "Walrus," on the coast of Labrador, as explained in November last.

A statement of the sales of lots of land at Fort Garry, prepared in the form already presented, will be found in the appendix to this Report. Notwithstanding the urgent endeavours which have been made with the view of collecting the Instalments and Interest in arrear, the amount outstanding, according to the latest advices is \$33,441 (£6,788). No title, however, is given for lots of land until the purchase price is fully paid.

The Land Account for the year ending the 31st May, 1876, is also submitted, showing a Balance of £6,485 4s. to be carried forward, after deducting the disbursements for taxes and other items, the details of which are duly stated.

The Committee are unable to report any further sales of land at Fort Garry, where, as in other parts of the territory, the general stagnation in trade prevailing throughout North America has been more or less felt. The fact, also, that the Province of Manitoba is still unconnected by railway communication with Canada and the States, must be borne in mind in relation to the developement and settlement of the Territory, with which the Company's interests are so closely connected.

Large sums of money have been expended by Canada in prosecuting the survey of the proposed line of the Canadian Pacific Railway west of Lake Winnipeg, and it is anticipated that the Government will soon be in a position to invite Tenders for the work. Rapid progress is being made in the actual construction of the section between Lake Superior and Manitoba.

The Committee are glad to be able to report that by way of part settlement of a disputed claim of many years' standing, the Company's Land Commissioner has succeeded in obtaining Patents for land at Fort William, near the terminus of this section of the Railway.

On behalf of the Committee,

GEORGE J. GOSCHEN,

Governor.

HUDSON'S BAY HOUSE,

LONDON, *June 8th*, 1877.

(1.) TRADING ACCOUNT.

Exhibiting the Profit and Loss results during Outfit 1875; namely, from 1st June, 1875, to 31st May, 1876.

Dr.

	£	s	d.		£	s	d.
To Goods, Provisions, Stores, Supplies, as per Inventory, 1st June, 1875	345,658	16	0	By Proceeds of Furs and other Imports, the Returns of this Outfit, after deducting Freight, Dock Charges, Cartage, Fire Insurance, &c.	234,639	17	4
„ Goods (the produce of the country), Debts, and other articles, as per Inventory, 1st June, 1875	222,933	8	4	„ Estimated value of Furs in transit	9,000	0	0
„ Goods, Provisions, and Stores purchased in England, supplied for Outfit 1875	194,840	7	1	„ Discount on Insurance Premiums	1,603	11	0
„ Amount written off, as depreciated value of Ships and Premises	558	3	9	„ Goods, Provisions, Stores, and Supplies, as per Inventory, 31st May, 1876	327,352	1	0
„ Balances of Sundry Accounts, representing the Purchase of Furs and Country Provisions in the Territory, and Transport, Insurance, and other charges incidental to carrying on the Trade of Outfit 1875 ..	44,621	18	8	„ Goods (the produce of the country), Debts and other Articles, as per Inventory, 31st May, 1876	256,371	5	4
„ Fire Insurance Fund	2,009	0	0				
„ Expenses incurred in London, 1st June, 1875, to 31st May, 1876, viz. :—							
Governor and Committee £3,500 0 0							
Salaries of Secretary and other Officers 3,682 0 0							
Wages of Labourers employed in the Warehouse, and Sundry Charges 2,839 10 7							

Rent and Taxes of Offices
in Leadenhall Street,

house, and Sundry				
Charges	2,839	10	7	

Rent and Taxes of Offices				
in Leadenhall Street,				
and Warehouse in Lime				
Street	2,062	9	11	
Miscellaneous Expenses,				
including Agency in				
Scotland, Law Charges,				
Stationery, Printing, &c.	1,010	10	5	

	13,094	10	11	
" Salary, &c., to Local Officers	1,000	0	0	
" Pensions and Donations in London and abroad	140	13	9	
" Balance carried down, being Profit on Outfit	4,168	16	2	
1875				
	£828,966	14	8	

£828,966 14 8

(2.) APPROPRIATION ACCOUNT.

Outfit 1875, and previous Outfits.

	£	s.	d.		£	s.	d.
To Share of Loss on realisation of Outstanding							
Accounts, Outfit 1874	1,809	3	11	By Balance, being Profit on Outfit 1875, brought			
" Hudson's Bay Company, for the Balance ..	2,606	3	9	down	4,168	16	2
				" Profit on realisation of outstanding accounts,			
				Outfit 1869	246	11	6

£4,415 7 8

£4,415 7 8

	£	s.	d.	£	s.	d.
To Miscellaneous Expenses	655	4	9			
“ Sundry Colonial Charges not chargeable to Trading Account	2,615	15	6	By Profit on Fur Trade brought to credit this year ..	2,606	3 9
“ Interest on Officers' and Servants' Deposits	3,067	10	9	Add differences in settlement with Traders	691	16 9
“ Interest on Marine Insurance Fund	1,891	6	3			
“ Income Tax	1,357	7	6	By Interest, Dividends, and Sundries	3,298	0 6
				“ Rents of Buildings	3,138	15 1
				“ Balance carried down, being net loss	238	16 11
					2,911	12 3
					<u>£9,587</u>	<u>4 9</u>
To Balance brought down	2,911	12	3			
“ Dividend paid 9th July, 1876.. .. .	35,000	0	0			
“ Balance, being undivided Profits, 31st May, 1877	39,212	3	8	By Balance of undivided Profits, 1st June, 1876	77,123	15 11
					<u>£77,123</u>	<u>15 11</u>

Dr. *Exhibiting the Receipts and Disbursements, from 1st June, 1875, to 31st May, 1876.* Cr.

	£	s.	d.
1876. May 31 To WESTERN DEPARTMENT— Payments on account of the Company's Lands to 31st May, 1876— Cost of Fencing Uplands Farm .. \$2,870 08 Sundry Charges 449 04 \$3,319 12=	<u>\$3,319</u>	12=	684 7 1
" MONTREAL DEPARTMENT— Taxes on Land at Lake Huron .. \$176 84 Clerks' Salaries 750 00 Rent of Office 150 00 Sundry Charges 115 25 \$1,192 09 =	<u>\$1,192</u>	09 =	244 19 0
" NORTHERN DEPARTMENT— Payments in respect of the Company's Lands to date \$1,121 10 Taxes on Land at Fort Garry .. 364 12 School Tax " " " 525 95 Taxes on Land at George Town .. 297 19 Outlay on New Offices at Winnipeg .. 1,798 07 Miscellaneous Charges \$4,106 93 =	<u>\$4,106</u>	93 =	843 17 11
" Balance .. .. .	..	..	6,485 4 0
			<u>£8,258 8 0</u>
1876. June 1 By Balance of Account 31st May, 1876 £3,130 15 2			
May 31 " Cash received on account of Land Sales to date At WESTERN DEPARTMENT— From Sundry Purchases of Land in Vancouver's Island 1,892 19 9 At NORTHERN DEPARTMENT— From Sundry Purchases of Lots at Fort Garry 3,234 13 1			
			<u>£8,258 8 0</u>

(5.) MARINE INSURANCE FUND.

Dr.

31st May, 1877.

Cr.

	£	s.	d.		£	s.	d.
1876				1876.			
Dec. 31. To General and Particular Average				June 1. By amount of Fund at this date	..	46,357	13 3
on Schooner "Walrus," &c., in				1877.			
respect of Insurances by the				May 31. „ Interest for one year ..	..	1,891	6 3
Company	670	6	11	„ „ Amount of Premium on Insurances			
				by the Company for Account of			
1877.				the Fur Trade from 1st June, 1876,			
May 31. „ Balance	50,486	0	11	to 31st May, 1877	2,907	8 4	
					<u>£51,156</u>	<u>7 10</u>	

(6.) BALANCE-SHEET.

31st May, 1877.

	£	s.	d.		£	s.	d.
To Capital	1,700,000	0	0	By Cash in hand, and on Deposit..	..	..	45,312 1 2
" Amount due to Officers and Servants on their Deposits	69,175	15	3	" Sundry Investments .. .. .	..	..	42,382 15 8
" Notes in circulation in Hudson's Bay	536	16	0	" Amount invested in the Fur Trade (exclusive of Goods in course of Shipment), viz.:			
" Land Sales, Balance to 31st May, 1876	6,485	4	0	Leasehold Property in London, and fleet of Ships and Steamers employed in the trade	31,674	4	4
" Unpaid Dividends, and other Balances (exclusive of amount due in respect of Goods in course of Shipment on 31st May, 1877, not included in Assets <i>per contra</i>)	436	8	2	Valuation of Trading Goods, Provisions and Stores in hand, and advances for carrying on the trade 946,748 19 5			978,423 3 9
" Marine Insurance Fund	50,486	0	11	" Balance, represented by the remaining Property of the Company .. .. .	..	..	800,214 7 5
" Undivided Profits, 31st May, 1877	39,212	3	8				
	£1,866,332	8	0				£1,866,332 8 0

Examined and found to be in due accordance with the Books, Accounts, and Vouchers of the Company,

5, Moorgate Street,
June 7th, 1877.

W. QUILTER, Auditor.

Statement of Sales of Lots of Land at Fort Garry, each 120 feet by 50 feet.

Date of Sales.	No. of Lots.	Purchase Price.	Instalments Paid.	Interest Paid.	Instalments in Arrear.	Interest in Arrear.	Instalments not due.
1872. 27 July 1873.	67	\$55,554.83	\$37,814.50	\$5,261.43	\$17,740.33	\$2,273.85	...
May	8	6,700.00	4,480.00	737 10	880.00	106.40	\$1,340.00
June	3	2,000.00	1,600.00	251.40	...	...	400.00
July	2	1,000.00	750.00	161.80	50.00	3.50	200.00
August	2	1,525.00	305.00	...	915.00	137.56	305.00
December	2	2,100.00	1,680.00	264.60	...	...	420.00
1874. June	1	450.00	270.00	50.40	...	...	180.00
August	3	1,975.00	1,045.00	214.15	140.00	9.80	790.00
September	12	6,900.00	2,315.00	361.53	1,825.00	299.95	2,760.00
15 October 1875.	36	16,125.00	2,392.00	298.83	7,283.00	1,450.70	6,450.00
April August	4 1	2,525.00 450.00	705.00 180.00	61.97 25.30	305.00 ...	21.35 ...	1,515.00 270.00
1876 January	1	830.00	166.00	...	...	...	664.00
April	2	1,150.00	230.00	...	...	...	920.00
May	1	900.00	180.00	...	...	...	720.00
August	5	2,500.00	500.00	..	...	...	2,000.00
Lots....	150	102,684.83	\$54,612.50	\$7,688.51	\$29,138.33	\$4,303.11	\$18,934.00
1872—27 July 1874—15 Oct.	18 13	16,100.00 5,910.00	} Resumed by the Company.				

Lexoon, May 31st, 1877.





1877 JUNE PROCEEDINGS MISSING.

